



Employees' Retirement Board of Rhode Island

Monthly Meeting Minutes

Wednesday, June 9, 2010

9:00 a.m.

8th Floor Conference Room, 40 Fountain Street

The Monthly Meeting of the Retirement Board was called to order at 9:08 a.m., Wednesday June 9, 2010 in the 8th Floor Conference Room, 40 Fountain Street, Providence, RI.

I. Roll Call of Members

The following members were present at roll call: General Treasurer Frank T. Caprio; William B. Finelli; Gary R. Alger; Frank R. Benell, Jr.; Roger P. Boudreau; Michael R. Boyce; John P. Maguire; John J. Meehan; Thomas A. Mullaney; Louis M. Prata; Linda C. Riendeau; Susan Knorr Rodriguez; and Jean Rondeau.

Treasurer Caprio left the meeting at 9:55 a.m. and turned the gavel over to Vice-Chairman Finelli.

Also in attendance: Frank J. Karpinski, ERSRI Executive Director; Attorney Michael P. Robinson, Board Counsel.

Recognizing a quorum, Treasurer Caprio called the meeting to order.

II. Approval of Minutes

Roger P. Boudreau noted for the record that the time of adjournment was erroneously recorded as 12:20 a.m. rather than 12:20 p.m. The final minutes have been corrected to reflect the change. On a motion by Frank R. Benell, Jr., and seconded by John P. Maguire it was then unanimously

VOTED: To approve the draft minutes of the May 12, 2010 meeting of the Employees' Retirement System of Rhode Island Board.

III. Chairman's Report

The Treasurer noted that a newsletter will be sent out in July to all members with a review of the recently enacted changes to the pension system by the legislature. He said the newsletter will be sent via mail and electronically

The Treasurer told the Board that the pension changes adopted by the legislature last year (Article 7 Sub A) have now been challenged in court and the State was officially served on June 8th. He said the litigation will be followed closely both at the local and national level since the changes affected the retirement eligibility of vested members.

Mr. Boyce initiated a conversation regarding concerns related to the relocation of the Treasury Department to 50 Service Avenue in Warwick. A discussion ensued among the

Board members and a request was made to establish a building committee to consider and review issues related to the building. Treasurer requested Director Karpinski to coordinate the formation of the Building Subcommittee.

IV. Executive Director's Report

The Director began by reviewing the documentation that had been given to the Board.

The Director stated that Gabriel, Roeder, Smith and Company (GRS) will attend the July 14, 2010 Retirement Board meeting to present the June 30, 2009 valuation results for Judges, State Police, State Employees, Teachers and the Municipal Employees Retirement System. Director Karpinski said the valuation will determine contribution rates for FY 2012.

The Director apprised the Board that they will need to approve revised contribution rates for fiscal year 2010 and 2011 due to the enactment of Article 16 Substitute A within H 7397 Substitute A. He said the rate is already being used to address the administrative issues of processing information. However, the rate will need to be voted on at the July 14th meeting; Director Karpinski said he will have an official letter from GRS with the rates. In the interim, Director Karpinski provided the Board with studies performed by the House Fiscal office that contained the revised rates and analysis.

The Director went on to discuss H8063 which created a fund outside of the trust to collect employer contributions. The fund was created to permit the legislature to collect savings from any changes as a result of pension reform in the current year. He said that the fund will now be reconciled within the next two to three weeks.

The Director explained that RIGL §36-10-2 (e) mandates that for each fiscal year in which the actuarially determined state contribution rate for state employees and teachers is lower than that for the prior fiscal year, the Governor shall include an appropriation to that system equivalent to 20%. Article 16 has eliminated this requirement for FY 2009, 2010, and 2011. The Director added that Article 16 has also added another tier of benefits related to changes in the cost of living adjustment. He went on to discuss the impact of the changes. Director Karpinski said the Retirement Handbook and the website are being updated to reflect all the recent changes. As mentioned by the Treasurer, Director Karpinski said he will be issuing a newsletter, but is waiting for the results of Senate Bill 2985 which may impact Municipal disability retirement pensions. Director Karpinski said the newsletter will discuss the new on-line direct deposit statements and the other changes to the website. He expects the electronic letter to be sent in mid July and the hard copy to follow three weeks later.

In closing he stated that Central Falls is reasonably current with contributions and he will continue to monitor the situation regarding the receivership. The Director said he will convene the Rules and Regulations Subcommittee soon to review regulations related to optional service credit. Lastly, he stated that a Public Hearing has been scheduled for July 8, 2010 at 2:00 p.m. in the 8th Floor Conference Room for changes approved last month to Regulations #1, #4, and #9.

Before moving on, Mr. Boyce and Mr. Prata expressed concern over the decision that the Mayor of Cranston recently made to remove a select sector of members from MERS to enroll them in a 401K type plan. The Board discussed the issue and the impact it may have on the fund going forward.

The Board then discussed the effective date of the enactment of Article 16 Substitute A. The effective date was of concern because it will pertain to all members who are not eligible as of then. The Treasurer said there will be one of three scenarios to determine the date of passage; the date the Governor signs the bill into law (if he signs it); if the Governor does not sign the amendment, it will become law without his signature after six days which would be June 12th or, if the Governor vetoes the amendment it will become law on the date the veto is over ridden by the legislature. When the date is determined the Board agreed that it should be posted on the website immediately and included in the next newsletter. The Director went on to give a detailed description of how Article 16 will affect the calculation of the cost of living adjustment. He added that this information will be posted on the website and newsletter.

V. Administrative Decisions

(None)

VI. Approval of the May Pensions as Presented by ERSRI

On a motion by Gary R. Alger and seconded by Roger P. Boudreau, it was unanimously **VOTED: To approve the May pensions as presented.**

VII. Legal Counsel Report

Attorney Michael Robinson noted that Linda Acciardo vs. ERSRI is a new matter that has been filed in Superior Court. He said the action arises out of the denial by the Retirement Board of Ms. Acciardo's accidental disability retirement. He said an answer was filed with Superior Court on May 19, 2010.

VIII. Committee Report

Disability Subcommittee: The Disability Subcommittee recommended the following actions on disability applications as a result of its June 4, 2010 meeting for approval by the full Board.

Name	Membership Group	Type	Action
1. John Wheeler	Municipal	Accidental	Postpone
2. Sylvia Sampson	State	Accidental	Approve
3. David Singleton	Municipal	Accidental	Deny
4. Claire Mahan	State	Accidental	Approve

Name	Membership Group	Type	Action
5. Rhonda Abbott Varrica	State	Accidental	Postpone
6. James Jones	State	Ordinary	Approve
7. Normand Aubin	State	Ordinary	Approve
8. Michelle Mencarini	State	Ordinary	Approve
9. Carmela Coppa	Municipal	Accidental	Approve
10. Robyn Carosi	Teacher	Ordinary	Postpone
11. Conceicao Medeiros	State	Accidental	Postpone

On a motion by Michael R. Boyce and seconded by Louis M. Prata, it was

VOTED: To approve the recommendation of the Disability Subcommittee meeting of Friday, June 4, 2010 on item 10.

John P. Maguire recused himself from item 10.

On a motion by Michael R. Boyce and seconded by Louis M. Prata, it was unanimously

VOTED: To approve the recommendation of the Disability Subcommittee meeting of Friday, June 4, 2010 on items 1,2,3,4,5,6,7,8,9, and 11.

Mr. Finelli apprised the Board of a matter involving disability retiree Jerry Prete who may be in violation of RIGL §36-10-17. Mr. Finelli told the Board that the Disability Subcommittee voted at the June 4, 2010 meeting to have this individual reexamined by an IME and the results of any investigation are being referred to the appropriate agency.

IX. New Business

(None)

X. Approval of Draft Executive Session Minutes of the May 12, 2010 Session

A motion was made by Roger P. Boudreau and seconded by Michael R. Boyce to convene into executive session consistent with RIGL §42-46-5 (a)(3) of the Rhode Island General Laws to discuss the implementation of ANCHOR security risk mitigation solutions, and other matters affecting ERSRI's security, including but not limited to, the deployment of security personnel and devices, and to review and approve the sealed draft executive session minutes of the May 12, 2010 session, which related to matters affecting ERSRI's security, including but not limited to, the deployment of security personnel and devices.

A roll call was taken. The following members voted Yea: William B. Finelli; Gary R. Alger; Frank R. Benell, Jr.; Roger P. Boudreau; Michael R. Boyce; John P. Maguire; John J. Meehan; Thomas A. Mullaney; Louis M. Prata; Linda C. Riendeau; Susan Knorr Rodriguez; and Jean Rondeau.

VOTED: To convene into executive session consistent with RIGL §42-46-5 (a) (3) to discuss the implementation of ANCHOR security risk mitigation solutions, and other matters affecting ERSRI's security, including but not limited to, the deployment of security personnel and devices, and to review and approve the sealed draft executive session minutes of the May 12, 2010 session, which related to matters affecting ERSRI's security, including but not limited to, the deployment of security personnel and devices.

[Executive Session]

The Board thereafter convened in executive session.

[Return to Open Session]

Upon returning to open session, the Board noted for the record that the following votes had been taken in executive session:

A motion was made by Linda C. Riendeau and seconded by Roger P. Boudreau to unseal the draft minutes of the executive session of May 12, 2010. It was then unanimously

VOTED: To unseal the draft minutes of the executive sessions of May 12, 2010.

A motion was made by Linda C. Riendeau and seconded by Louis M. Prata to approve the draft executive session minutes of the executive session of May 12, 2010, as presented in the June 9, 2010 Board Book. It was then unanimously

VOTED: To approve the draft executive session minutes of the May 12, 2010 session.

A motion was made by Linda C. Riendeau and seconded by Roger P. Boudreau to re-seal the minutes of the executive session of May 12, 2010, consistent with RIGL §42-46-5 (a)(3) of the Rhode Island General Laws, due to the sensitivity of the matters, which related to the deployment of security personnel and devices.

A roll call vote was taken and it was then unanimously

VOTED: To re-seal the approved minutes of the executive session of May 12, 2010, consistent with RIGL §42-46-5 (a) (3).

A motion was made by Linda C. Riendeau and seconded by John P. Maguire to exit executive session and return to open session. It was then unanimously

VOTED: To exit executive session and return to open session.

XI. Adjournment

There being no other business to come before the Board, on a motion by John P. Maguire and seconded by Jean Rondeau, the meeting adjourned at 10:10 a.m.

Respectfully submitted,

Frank J. Karpinski

Executive Director